

Ubisoft

Price EUR34.95

Issue of convertible bonds maturity 2021 for c.EUR400m

Fair Value EUR34 (-3%)

BUY

Bloomberg	UBI.FP
Reuters	UBIP.PA
12-month High / Low (EUR)	38.3 / 17.8
Market Cap (EURm)	3,927
Avg. 6m daily volume (000)	247.8

ANALYSIS

- Ubisoft has just announced the launch of a private placement with institutional investors of convertible bonds into new shares and/or exchangeable for existing shares (they will be issued on 27th September 2016) for a nominal amount of c.EUR400m due 2021. The bond's nominal value represents a premium of between 50% and 60% compared to the reference share price and bears no interest. The ratio is one share for one bond. The bond's final terms will be determined today after trading.
- Considering a maximum amount of 400m is issued with a nominal value of EUR54.16 (calculated at equal to the closing price reference of 20th September 2016, i.e. EUR34.945 and a 55% premium) dilution would be approximately 6.5% of the current capital if Ubisoft decides to only deliver new shares upon conversion to maturity.
- Ubisoft does not need it in the short term (it was opportunistic). This operation will enable the group to finance general corporate purposes, including in particular, possible future M&A operations (the group is looking mostly for unlisted mobile game companies), stock repurchases and refinancing of existing debts. The company notes a 90-day lockup period.

VALUATION

- We maintain our Buy recommendation and FV of EUR34 (based on its fundamentals). The share price fully values the group's earnings over the current fiscal year (at end-March 2017). As a reminder, in our recent report "["Same player shoot again"?](#)", we estimated a valuation between EUR40 (the very minimum, and EUR45 if Vivendi wants to avoid counterbids as far as possible) and EUR51 (maximum) in the event of a takeover bid.

NEXT CATALYSTS

- AGM on 29th September.

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BUY ratings 72%

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